

# **DRAFT 2015 Budget and 2016-18 Financial Plan**

**Initial Presentation to  
Finance, Administration and Audit Committee  
January 12, 2015  
Council Chamber**



**Financial Sustainability:  
Always a Key Priority**

# Communications



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# Communications Goal

Get Vaughan stakeholders engaged in the budget process using a variety of communications tactics



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# New This Year

## Budget Challenge: Interactive Educational Tool

- Residents will learn:
  - How funds are split between the City of Vaughan, York Region and the Province
  - What services the City of Vaughan provides
  - How changes in funding affect service levels

Enter your current property value assessment or use the pre-set value: \$  ← Enter your property value



Service	Taxes
Fire and Rescue Services	\$325
Public Works and Road Services	\$196
Winter Road Control	\$76
Waste Management	\$74
Vaughan Public Libraries	\$110
Parks and Sports Field Operations	\$112
Infrastructure Replacement	\$107
Recreation	\$109
Facilities Operation	\$70
City Planning and Development	\$35
By-Law and Compliance	\$28
Office Support and Administration	\$37

Where your tax dollars go



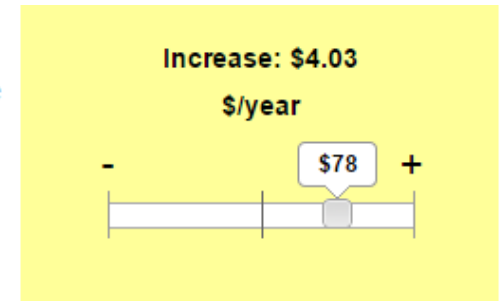
# How it works

- Move the sliders to increase or decrease funding
- See the impact on service levels

## Waste Collection

The City of Vaughan provides waste collection services to residential properties. These services include the collection of blue box recycling, green bin organics, garbage, leaf and yard waste, and appliance/metal items.

Move the slider to see how changes to funding for Waste Collection would affect service levels.



Could maintain current schedule of waste collection in all existing and new neighbourhoods.



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# Overall Impact

- See the overall impact on tax rate
- Understand the balance of funding and service levels
- See where your tax dollars go



# Other ways residents can get involved



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# Engaging Residents in the Budget Process

- The City is utilizing every communications channel available to allow residents to provide input.
- ***Channels include:***
  - **Public meetings** (streamed live)
  - **Press releases** and newspaper articles
  - **Print Advertising**
  - **Vaughan TV ads**





# Engaging Residents in the Budget Process

- ***Channels include:***
  - **Posters and flyers delivered before each meeting to:**
    - *Community centres, libraries and city facilities*
    - *Seniors centres*
    - *Service desks within City Hall*
  - **Message on our main Access Vaughan line**

*The City is utilizing every communications channel available to allow residents to provide input.*



# Engaging Residents in the Budget Process

- ***Channels include:***

- **Website**

- source for all documents, presentations and Council items

- **Social media**

- Twitter and Facebook

- **E-mail and phone ([budgeting@vaughan.ca](mailto:budgeting@vaughan.ca))**

- **City of Vaughan App**

*The City is utilizing every communications channel available to allow residents to provide input.*



# Engaging Residents in the Budget Process

- ***Channels include:***
  - **City publications**
    - City Update, Business Link
  - **Council eNewsletters**
    - Providing content for use in Council eNewsletters

*The City is utilizing every communications channel available to allow residents to provide input.*



# Engaging Residents in the Budget Process

*For example.....*

- ***Tonight's meeting used the following tactics to communicate to the public:***
  - *Newspaper article and Public Service Announcement*
  - *Flyers delivered to Community centres, libraries, seniors homes and service desks within City Hall*
  - *Vaughan TV ads*
  - *Website and social media*
  - *eNewsletters*



# 2015 Communication Tactics

- In total we are using **13 different channels** to engage residents and stakeholders in the 2015 budget process
- Providing a mix of communication channels to ensure that Vaughan residents have an opportunity to be engaged in the 2015 budget process



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**Financial Sustainability:  
Always a Key Priority**

# Agenda

- Overview
- DRAFT 2015 Budget and 2016-18 Plan
- Operating Expenditures
- Capital Program
- Taxation in Perspective
- Next Steps
- Discussion and Q and A



# Overview



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# Budget Philosophy



## Planning for the Future

- More certainty about the direction of services and taxes
- Develop realistic and responsible financial plans

## Objective

“To balance the pressures of maintaining existing services and growth requirements against available future funding/City resources necessary to undertake and manage operations and corporate initiatives.”



# New Concepts Initiated

## 1. Conceptual Framework to Categorize Pressures

- Status quo (*price pressures of doing business*)
- Net Growth (*costs of servicing new residents*)
- New (*new initiatives or service levels*)

## 2. Commission Based Presentations (Jan. 23)

- More focused discussion
- Improved budget context and understanding



# Our Business – Providing City Services Through People and Assets

## Engineering/Public Works

Roads - Lane Km	2,046
Sidewalks - Km	1,112
Bridges and Structures	181
Streetlights	25,899
Traffic Signals	84
Public Works Yards	3

## Fire and Rescue Services

Fire Stations	10
Fire Engines/Aerials	16
Fire Tankers/Rescues/etc.	13

## Library Services

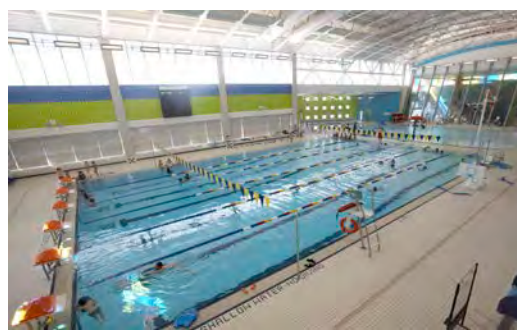
Libraries	8
Library Collection	522,754

## Parks and Recreation

Community Centres	10
Fitness Centres	7
Theatres	1
Parkland - Hectares	951
Trails - Km	58
Parks	200
Playgrounds	293
Tennis Courts	126
Ball Diamonds	57
Basketball/Playcourts	85
Bocce Courts	64
Water Play Facilities	19
Indoor pool tanks	9
Indoor Skating	
Rinks/Arenas	10
Outdoor Soccer Fields	170
Skateboard Parks	8



# City Services



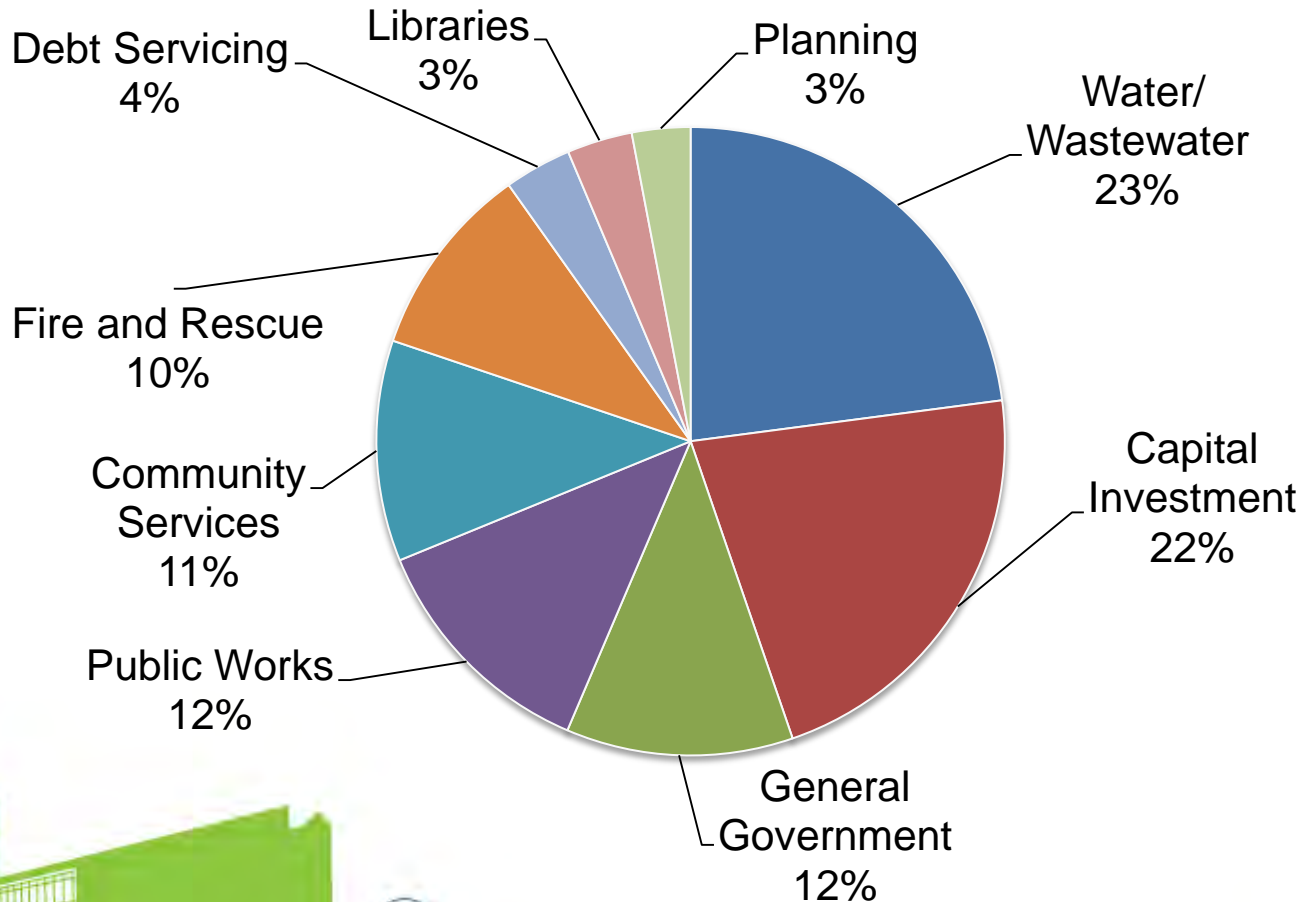
# Budget Challenges

- Achieving long-term financial sustainability will require tough choices



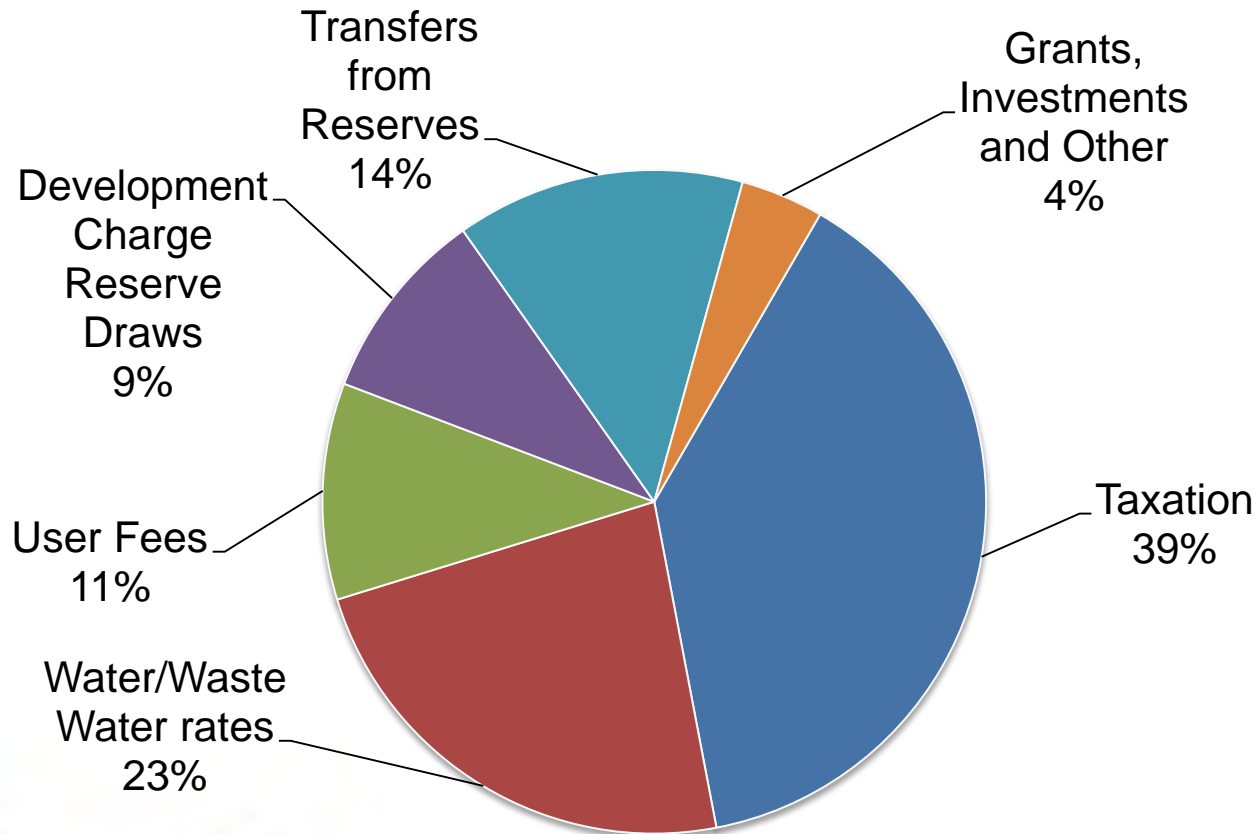
# Total Expenditures

- Over \$437 million in 2015, includes capital investment and water and wastewater services



# Funding for City Services

- Property tax levy is the main source of funding



# DRAFT 2015 Budget and 2016-18 Plan



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# Overview of DRAFT Budget and Plan

\$M	2015 Budget	2016 Plan	2017 Plan	2018 Plan
Gross Operating	262.0	271.3	278.9	287.8
Less: Non-Tax Revenue	84.4	82.4	83.0	82.9
Net Operating	177.6	188.8	195.9	204.9
Less: Assessment Growth	3.2	3.4	3.6	3.7
<b>Net Levy Requirement</b>	<b>174.4</b>	<b>185.5</b>	<b>192.3</b>	<b>201.2</b>
<b>Incremental Levy Requirement</b>	<b>10.9</b>	<b>12.7</b>	<b>9.6</b>	<b>11.1</b>
<i>Incremental Tax Rate</i>	6.65%	7.13%	4.93%	5.35%
<i>Ice Storm Tree Replacement Phase-in</i>	0.49%	0.45%	0.00%	0.00%
<i>Total Incremental Tax Rate</i>	7.14%	7.58%	4.93%	5.35%
<b>Tax Bill increase for the Average Home</b>	<b>\$91.29</b>	<b>\$103.42</b>	<b>\$71.98</b>	<b>\$81.97</b>

<b>Total Capital Program</b>	<b>87.0</b>	<b>110.9</b>	<b>109.9</b>	<b>63.5</b>
Operating Implications	1.4	3.3	3.7	2.0
<i>Portion of Incremental Tax Rate</i>	0.84%	1.84%	1.89%	0.95%

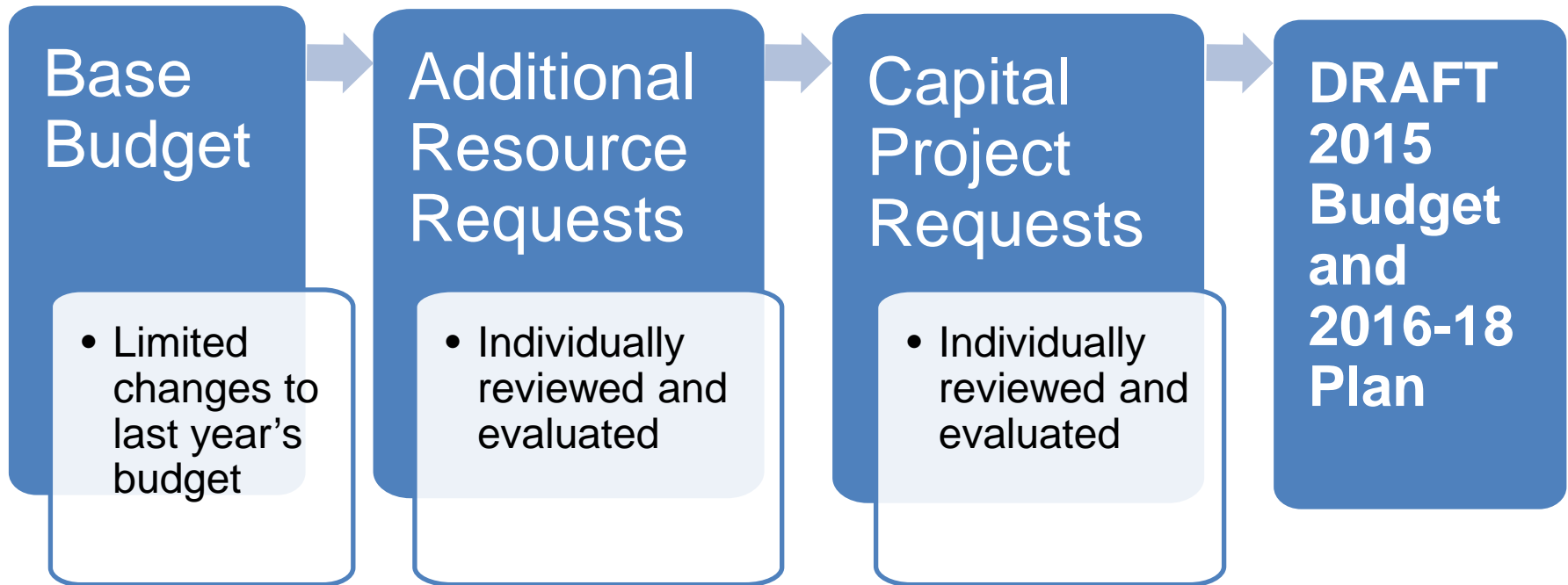


# Summary of Changes from 2014

	2015		2016		2017		2018	
	\$M	%	\$M	%	\$M	%	\$M	%
<b>Recognized in 2014</b>	<b>11.0</b>	<b>6.70%</b>	<b>8.0</b>	<b>4.41%</b>	<b>8.2</b>	<b>4.21%</b>	<b>0.0</b>	<b>0.00%</b>
Base Budget Requests	4.8	2.98%	3.2	1.69%	-0.5	-0.27%	6.3	2.92%
Additional Resource Requests	1.9	1.21%	0.9	0.45%	1.1	0.44%	2.6	1.23%
Staff Review Adjustments	-6.9	-4.25%	0.6	0.58%	0.8	0.55%	2.3	1.20%
<b>Incremental Levy Requirement</b>	<b>10.9</b>	<b>6.65%</b>	<b>12.7</b>	<b>7.13%</b>	<b>9.6</b>	<b>4.94%</b>	<b>11.1</b>	<b>5.35%</b>
Ice Storm Tree Replacement	0.8	0.49%	0.7	0.45%				
<b>Total Draft 2015 Financial Plan</b>	<b>11.7</b>	<b>7.14%</b>	<b>13.4</b>	<b>7.58%</b>	<b>9.6</b>	<b>4.93%</b>	<b>11.1</b>	<b>5.35%</b>



# Disciplined Budget Process



# Actions to Mitigate Budget Pressures

- Increased user fees
- Phased in a reduction in the use of reserves to pay for current operations over five years
- Phased in cost of tree replacement over two years
- Phased in operating cost of new resource library and fire station over two years
- Identified \$1M in savings to help fund additional resource requests
- Deferred many capital and operating requests to future years

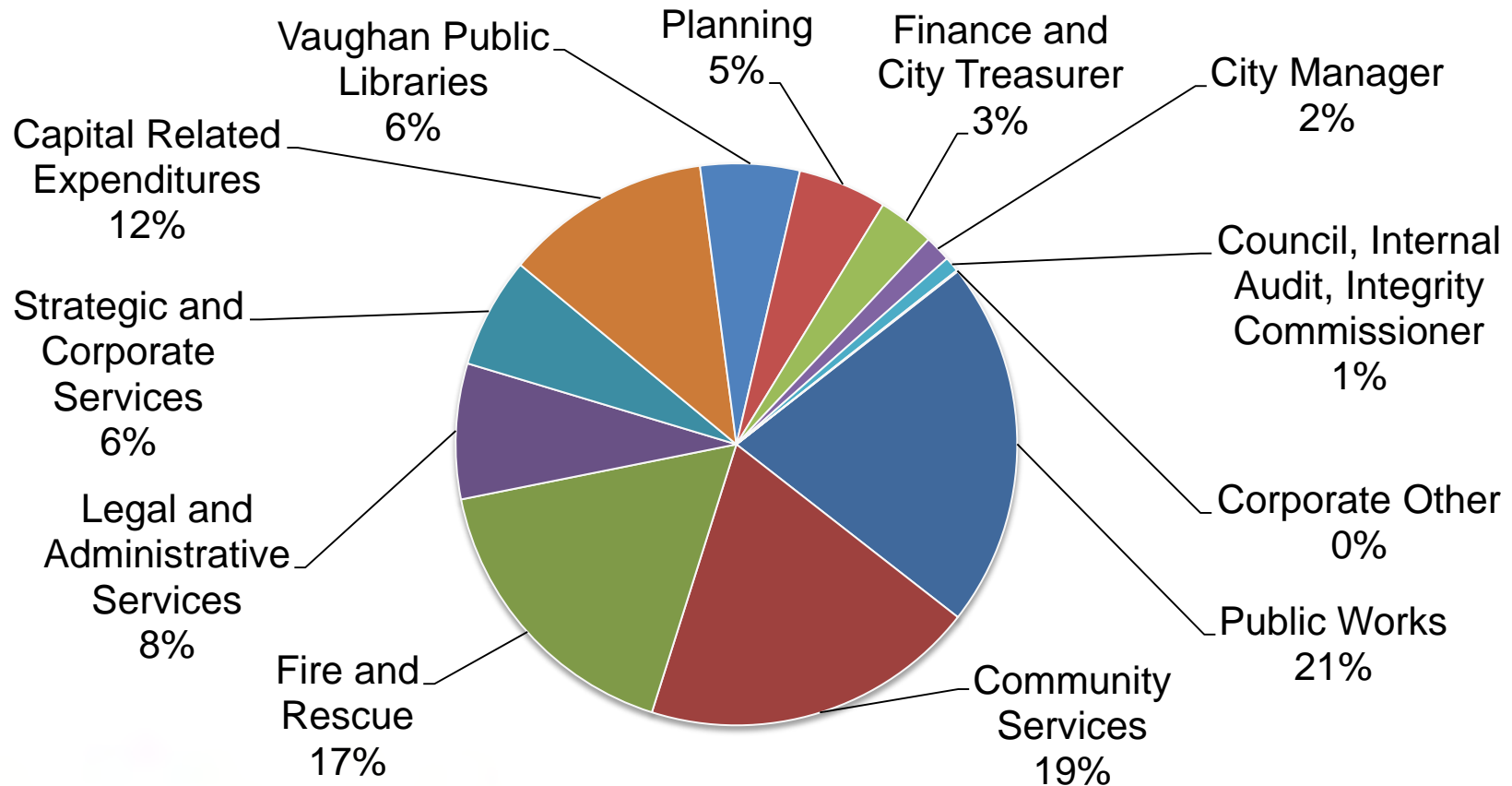


# Operating Expenditures

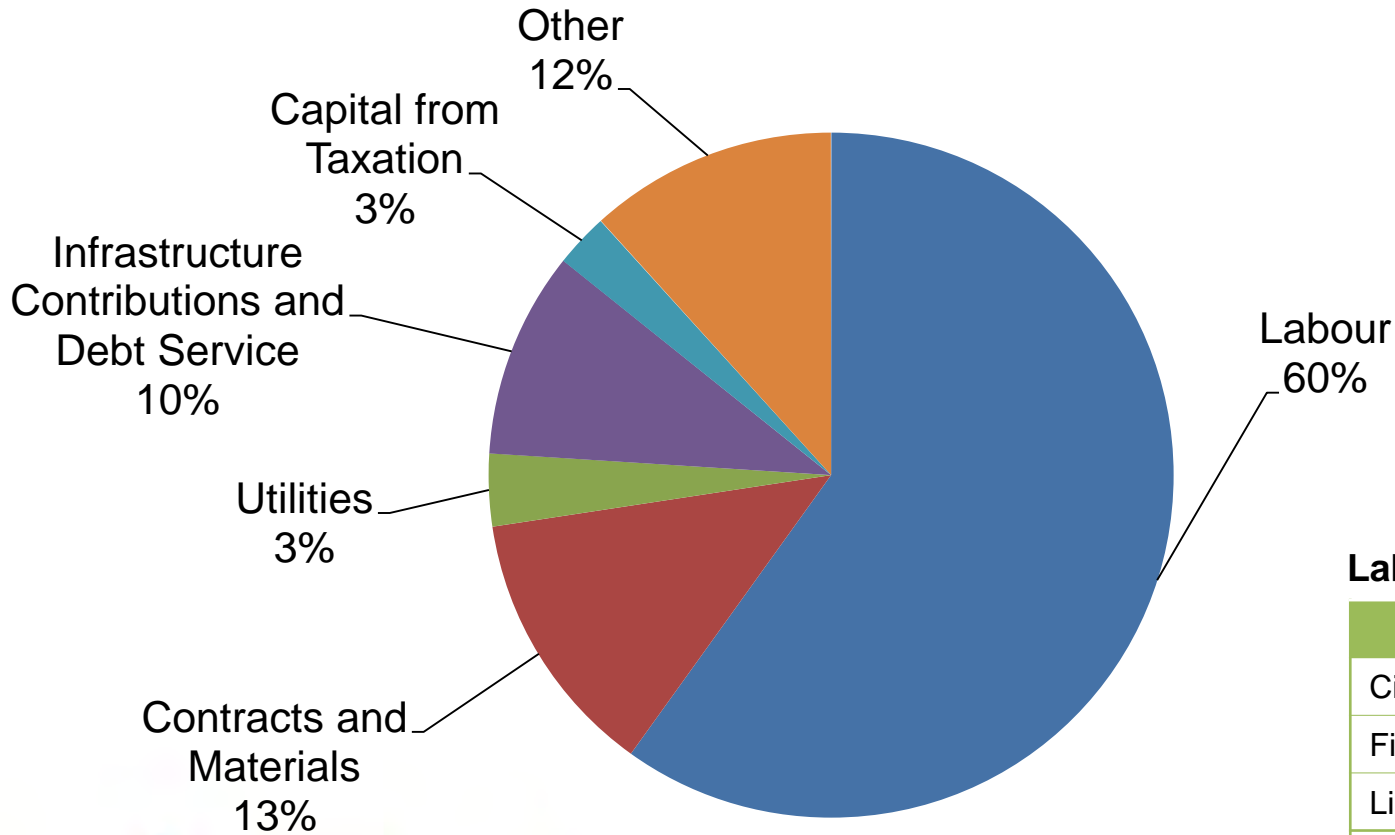


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# Total Operating Expenditures by Commission



# Total Operating Expenditures by Type

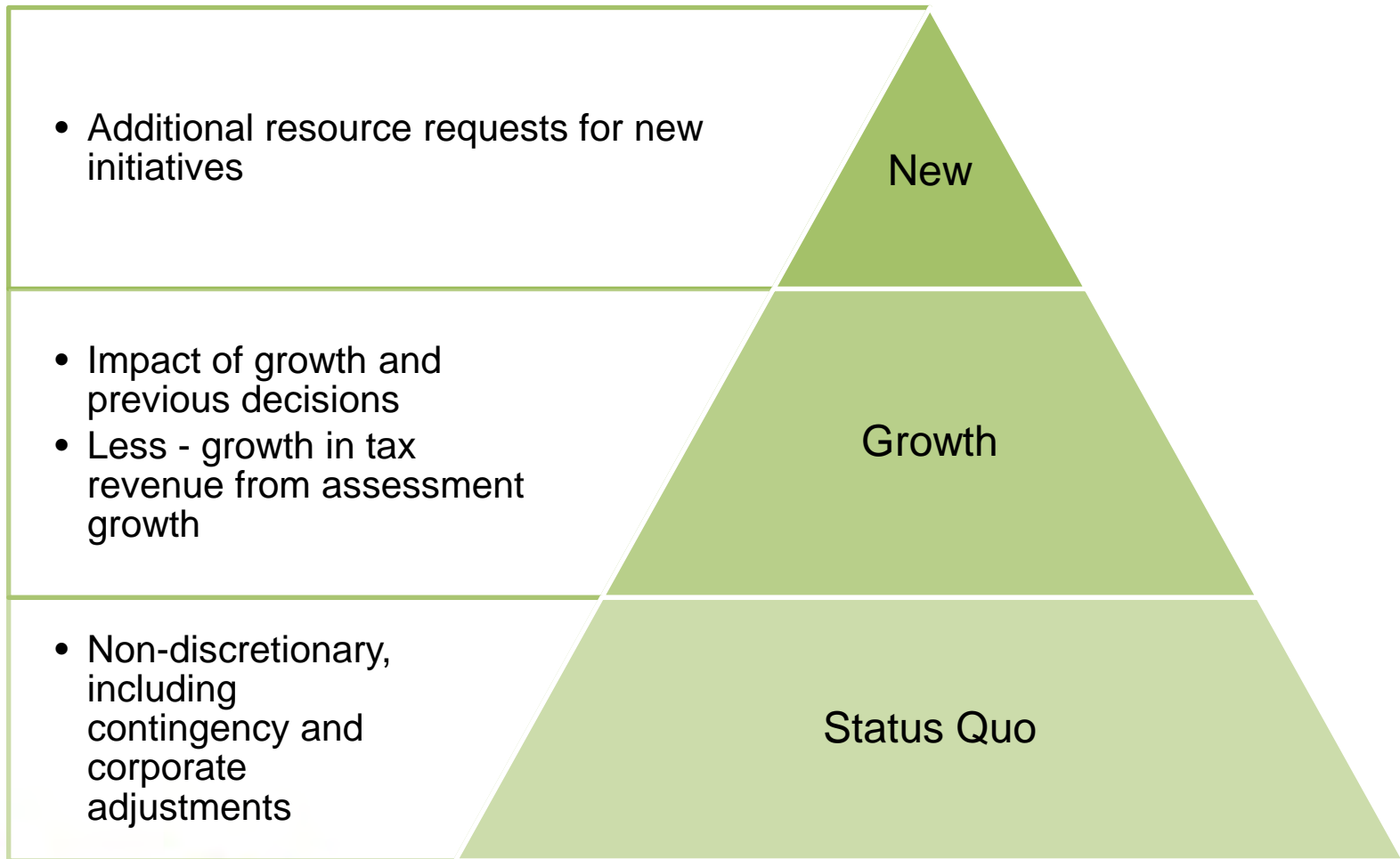


## Labour consists of:

	\$ M
City	103.9
Fire	41.5
Library	11.6
<b>Total</b>	<b>157.0</b>



# Budget Framework



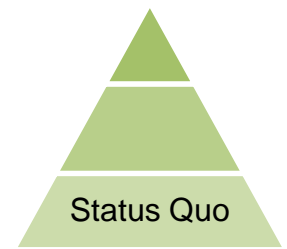


# Applying the Conceptual Framework

	2015		2016		2017		2018	
	\$M	%	\$M	%	\$M	%	\$M	%
Status Quo Pressures	5.7	3.46	8.2	4.63	6.3	3.25	6.8	3.29
Growth Pressures	3.0	1.84	3.4	1.92	2.3	1.16	3.7	1.76
New Initiative Pressures	2.2	1.35	1.0	0.58	1.0	0.51	0.6	0.29
<b>Incremental Levy Requirement</b>	<b>10.9</b>	<b>6.65</b>	<b>12.7</b>	<b>7.13</b>	<b>9.6</b>	<b>4.93</b>	<b>11.1</b>	<b>5.35</b>
Tree Replacement Phase-in	0.8	0.49	0.7	0.45	0.0	0.00	0.0	0.00
<b>Total Draft 2015 Financial Plan</b>	<b>11.7</b>	<b>7.14</b>	<b>13.4</b>	<b>7.58</b>	<b>9.6</b>	<b>4.93</b>	<b>11.1</b>	<b>5.35</b>



# Status Quo Pressures



	2015		2016		2017		2018	
	\$ M	%	\$ M	%	\$ M	%	\$ M	%
Salary progressions and economic adjustments	4.9	2.98	2.3	1.30	2.1	1.07	1.2	0.58
Negotiated contract price increases, utilities, other	0.5	0.31	1.7	0.97	2.3	1.20	1.3	0.63
New user fees and user fee price increases	-0.1	-0.07	-0.5	-0.28	-0.4	-0.20	-0.4	-0.20
Net corporate changes	0.4	0.24	4.7	2.64	2.3	1.20	4.8	2.30
<b>Total Status Quo Pressures</b>	<b>5.7</b>	<b>3.46</b>	<b>8.2</b>	<b>4.63</b>	<b>6.3</b>	<b>3.25</b>	<b>6.8</b>	<b>3.29</b>

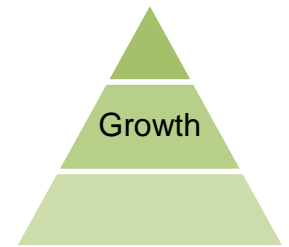


# Municipal Price Index

Component	Inflation Figure	Source	% of Budget	Weighted Average
Salaries and Benefits	2.0%	Settlement agreements	58.3%	1.2%
Contracts and Materials	4.0%	Five year Average Historical Increase	12.5%	0.5%
Utilities and Fuel	2.7%	Statistics Canada September 2014 - Energy CPI	3.8%	0.1%
Capital Funding	0.6%	Construction Price Index	2.5%	0.0%
Insurance	17.9%	AMO - 2011 municipal white paper	1.9%	0.3%
All Other	2.1%	Core Inflation - Sept 2014	21.0%	0.4%
<b>Combined Municipal Price Index</b>				<b>2.6%</b>



# Growth Related Pressures

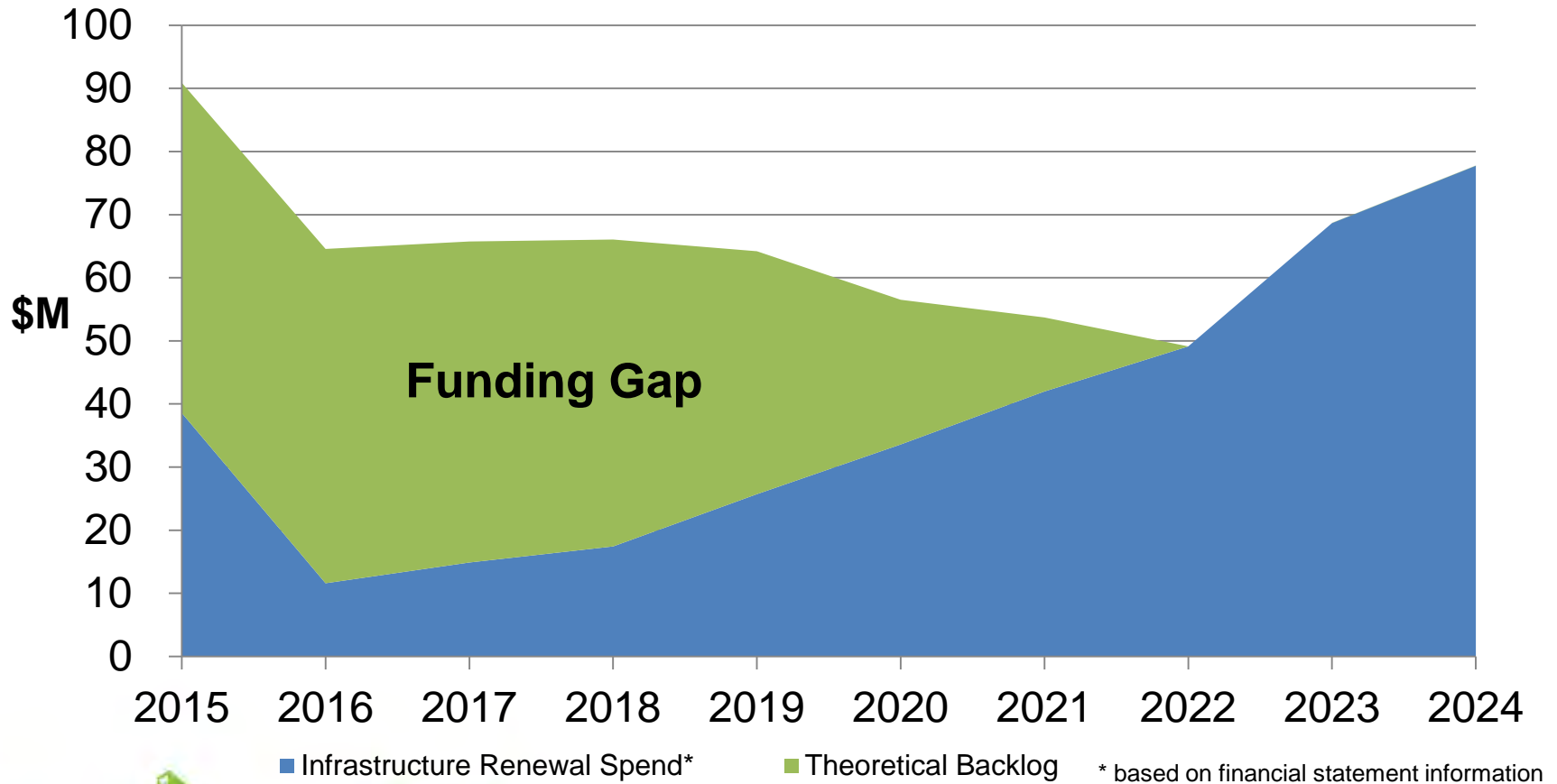


	2015		2016		2017		2018	
	\$M	%	\$M	%	\$M	%	\$M	%
<b>Implementation of Previous Decisions:</b>								
Salary annualization	1.0	0.61	0.0	0.06	0.0	0.20	0.0	0.01
New infrastructure operating (ARRs)	1.3	0.79	3.4	1.92	3.6	1.82	1.7	0.81
Debt service - Roads Program	0.5	0.31	0.4	0.23	-1.9	-0.77	2.7	1.28
Infrastructure reserve contributions	1.7	1.05	1.5	0.84	3.6	1.82	2.6	1.23
<b>Subtotal</b>	<b>4.5</b>	<b>2.76</b>	<b>5.4</b>	<b>3.05</b>	<b>5.3</b>	<b>2.67</b>	<b>7.0</b>	<b>3.33</b>
<b>Maintain/Growth:</b>								
Contract and utility volume increases	0.6	0.37	0.2	0.12	0.2	0.10	0.3	0.14
Program and service volume (ARRs)	1.4	0.86	1.7	0.96	1.2	0.60	0.4	0.19
User fee and service charge volume	-0.2	-0.13	-0.5	-0.29	-0.9	-0.45	-0.2	-0.09
<b>Subtotal</b>	<b>1.8</b>	<b>1.10</b>	<b>1.4</b>	<b>0.79</b>	<b>0.6</b>	<b>0.30</b>	<b>0.4</b>	<b>0.19</b>
<b>Assessment growth:</b>	<b>-3.2</b>	<b>-1.97</b>	<b>-3.4</b>	<b>-1.92</b>	<b>-3.6</b>	<b>-1.82</b>	<b>-3.7</b>	<b>-1.76</b>
<b>Growth-Related Incremental Costs:</b>	<b>3.0</b>	<b>1.84</b>	<b>3.4</b>	<b>1.92</b>	<b>2.3</b>	<b>1.16</b>	<b>3.7</b>	<b>1.76</b>

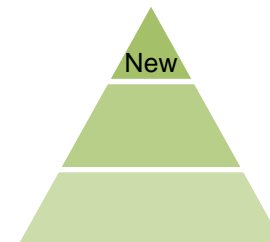


Note: Some numbers may not add due to rounding

# Infrastructure Renewal Requirements



# New Initiatives



	2015		2016		2017		2018	
	\$M	%	\$M	%	\$M	%	\$M	%
Supporting Transformation	2.1	1.28	0.9	0.52	0.8	0.41	0.6	0.29
New/Enhanced Services	0.1	0.07	0.1	0.06	0.2	0.10	0.0	0.00
Additional Resource Requests	2.2	1.35	1.0	0.58	1.0	0.51	0.6	0.29
Ice Storm Tree Replacement	0.8	0.49	0.7	0.45	0.0	0.00	0.0	0.00
<b>Total New Initiatives</b>	<b>3.0</b>	<b>1.99</b>	<b>1.7</b>	<b>1.03</b>	<b>1.0</b>	<b>0.51</b>	<b>0.6</b>	<b>0.29</b>



# Capital Program



# Key Reserve and Debt Ratios

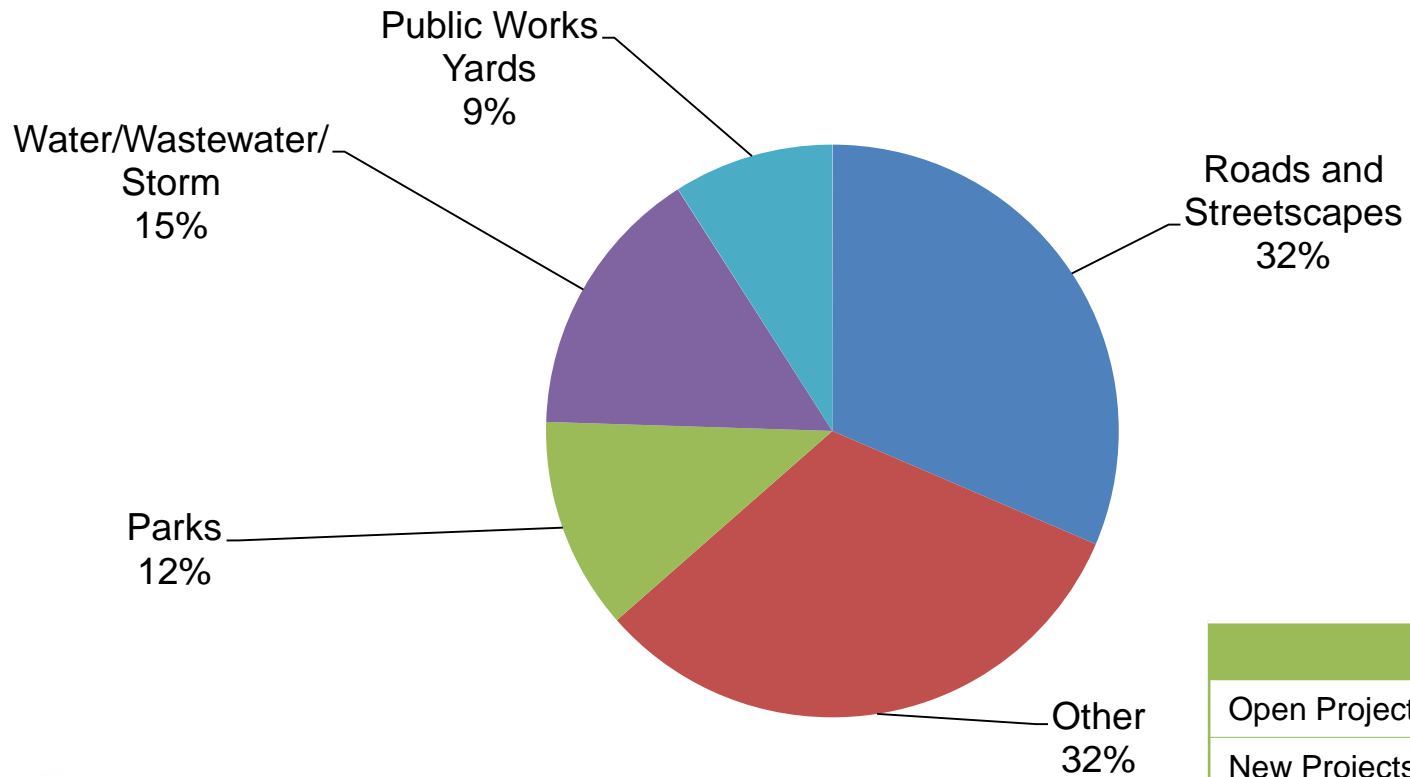
- Reserves and debt financing provide flexibility to smooth out costs over more than one year
- Targets set by Council to ensure these tools are used prudently
- Focus is on financial sustainability of the City

Ratio	2014	2015	2016	2017	2018	Target
Discretionary Reserve	69.6%	57.5%	53.6%	53.0%	54.9%	>50% of own source revenues
Working Capital	9.8%	9.3%	8.3%	6.8%	5.7%	up to 10% of own source revenues
Debt Level	6.2%	6.0%	6.6%	6.2%	4.7%	<10% of own source revenues





# Capital Plan (open + new submissions)



	\$ M
Open Projects	205.3
New Projects	469.9
<b>Total</b>	<b>675.2</b>



# Key Projects in the Capital Plan

Key Capital Projects	Underway	2015	2016	2017	2018
Vaughan Healthcare Centre Precinct	x				
Civic Centre Resource Library	x				
Father Ermanno CC - Fitness Centre Expansion	x				
Corporate Asset Management	x				
Block 11 Carville Community Centre and Library		x	x		
North Maple Regional Park Phase I Construction		x			
Curb and Sidewalk Repair and Replacement		x	x	x	x
LED Streetlight Conversion		x	x	x	x
Road Rehabilitation		x	x	x	x
Vellore Village South Library		x			
Ice Storm Tree Replacement		x	x	x	x
Black Creek Renewal			x	x	x
VMC NE Stormwater Management Pond			x	x	
Block 18 District Park Development			x	x	
Reposition Fire Station 74 – Kleinburg			x		
Block 59 District Park Development			x		



# Capital By Funding Source

Category (\$M)	2015	2016	2017	2018	2019+	Total
Development Charges	41.0	68.6	34.5	23.5	25.7	193.4
Debentures	4.0	6.9	43.2	12.2	50.5	116.8
Reserves	18.7	15.4	14.0	10.7	9.2	68.1
Taxation	7.4	11.0	9.9	9.2	8.4	46.0
Gas Tax	15.3	7.7	7.7	7.1	4.6	42.5
Grants and Other Financing	0.5	1.2	0.6	0.8	0.2	3.3
<b>Grand Total</b>	<b>87.0</b>	<b>110.9</b>	<b>109.9</b>	<b>63.5</b>	<b>98.7</b>	<b>469.9</b>



# Operating Impacts of Capital

Items	2015		2016		2017		2018	
	\$M	%	\$M	%	\$M	%	\$M	%
Operational Requirements	1.4	0.84%	3.3	1.84%	3.7	1.89%	2.0	0.95%
Debenture Financing	0.5	0.66%	0.4	-0.42%	-1.9	-1.77%	2.7	1.06%
Infrastructure Contributions	1.7	1.02%	1.5	0.86%	3.6	1.83%	2.6	1.22%
<b>Total</b>	<b>3.5</b>	<b>2.52%</b>	<b>5.3</b>	<b>2.28%</b>	<b>5.4</b>	<b>1.94%</b>	<b>7.3</b>	<b>3.23%</b>



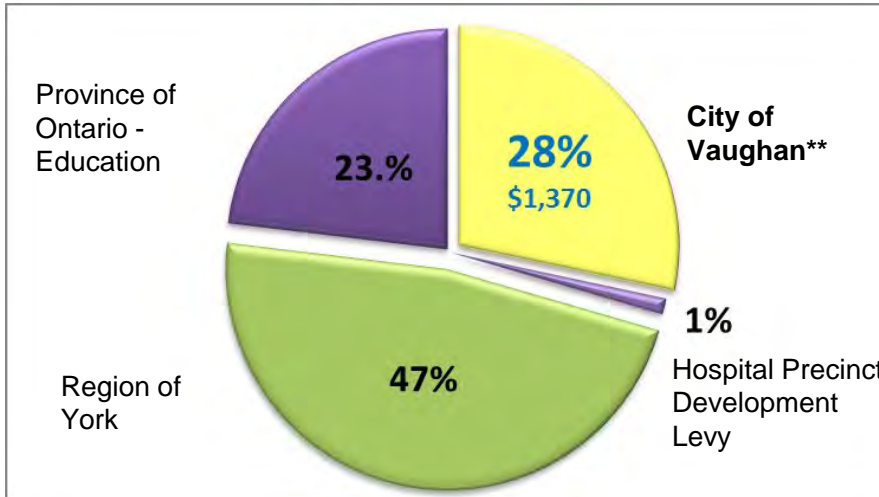
# Taxation in Perspective



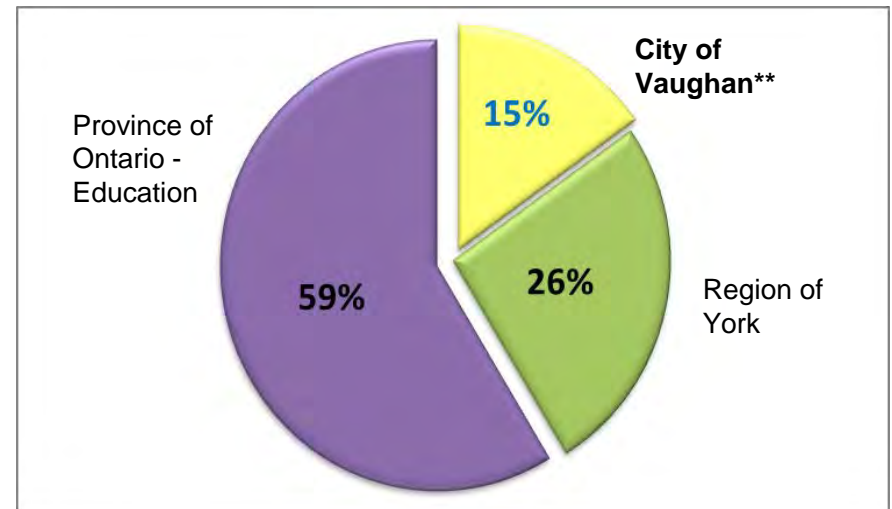
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# Vaughan's Portion of the 2015 Tax Bill

Portion of estimated average residential property tax bill (\$4,848\*)



Portion of commercial tax bill



Provincial and Regional components based on 2014 information.

\* Based on an estimated average assessed value of \$587,000

\*\* Includes Ice Storm Tree Replacement Levy



# Cost of Municipal Services

\$	2015	2016	2017	2018
Fire and Rescue Services*	343	349	358	364
Public Works and Road Services	282	275	249	266
Vaughan Public Libraries*	120	138	142	141
Infrastructure	117	126	149	165
Parks	115	119	119	121
Recreation*	114	113	116	113
Corporate Administration	109	179	227	272
Waste Management	73	75	75	75
Buildings and Facilities	71	71	82	84
Development	20	16	16	15
Ice Storm Tree Replacement	6	12	12	12
<b>Total</b>	<b>1,370</b>	<b>1,473</b>	<b>1,545</b>	<b>1628</b>

\* Includes allocated cost of Buildings and Facilities

\*\* Based on an estimated average assessed value of \$587,000



# Household Spending Comparison

\$	Annually	Monthly
60L of gas/week*	3,975	331
Phone/Cable TV/Internet Bundle*	2,292	191
Hydro (based on 1,000 Kwh consumption/month)*	1,914	160
Car Insurance (Average GTA premium)*	1,545	129
<b>Municipal Services**</b>	<b>1,370</b>	<b>114</b>
Natural Gas (based on 1,500-2,000 sqft home)*	1,171	98

\* Figures based on local service provider information

\*\* Based on an estimated average assessed value of \$587,000





# Taxation per \$100,000 of Property Value

\$	2015	2016	2017	2018
<i>Total tax rate change</i>	7.14%	7.58%	4.93%	5.35%
Residential	15.55	16.60	10.79	11.53
Commercial	18.52	21.06	14.74	16.78
Industrial	21.75	24.74	17.31	19.71



# Next Steps



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# Where do we go from here?

Further reductions could require:

- Further increasing existing user fees or introducing new fees
- Reducing or eliminating some programs or services
- Reconsidering the timing or scale of strategic or transformational initiatives
- Reconsidering the timing of growth-related investments
- Reducing infrastructure renewal contributions
- Rethinking base service delivery levels



# Upcoming Budget Deliberations

- Next Committee Meeting Dates
  - Friday, Jan. 23 – 9:30 a.m. to 4 p.m.
  - Monday, Feb. 2 – 9:30 a.m. to 11 a.m.
  - Monday, Feb. 9 – 7 p.m. to 10 p.m.
  - Monday, March 2 – 9:30 a.m. to 11 a.m.
  - Monday, March 9 – 9:30 a.m. to 11 a.m.
- Agenda items
  - Commission Presentations
  - Committee requested Items
  - Council Budgets



# Discussion Q and A



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